



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 19, 2011

TO: Mayor and Councilmembers

FROM: Administration Division, Finance Department

SUBJECT: Recommended Two-Year Financial Plan For Fiscal Years 2012 And 2013

RECOMMENDATION: That Council:

- A. Receive the Recommended Two-Year Financial Plan for Fiscal Years 2012 and 2013, including the Recommended Operating and Capital Budget for Fiscal Year 2012;
- B. Hear a report from staff in connection with the filing of the Recommended Two-Year Financial Plan for Fiscal Years 2012 and 2013; and
- C. Approve the proposed Schedule of Council Budget Review Meetings and Public Hearings of the Recommended Two-Year Financial Plan for Fiscal Years 2012 and 2013.

DISCUSSION:

In accordance with the City Charter, the Recommended Two-Year Financial Plan for Fiscal Years 2012 and 2013 ("Recommended Plan") has been filed with the City Clerk's Office and is being submitted to Council today. The Recommended Plan covers a two-year planning horizon and includes the recommended operating and capital budget for the first year of the plan. In June, Council will adopt a Two-Year Financial Plan for Fiscal Years 2012 and 2013 as well as an operating and capital budget for fiscal year 2012.

For the first time in two fiscal years, staff has returned to the customary two-year budget cycle with the submittal of a two-year financial plan for Council's review. The previous budgets for both fiscal years 2010 and 2011 were prepared as single year budgets due to the economic uncertainty caused by the worst economic downturn since the Great Depression. The current Recommended Plan was prepared in the context of the local economy that is showing signs of recovery. Nonetheless, the recommended budget for fiscal year 2012 has been balanced using several one-time measures to address a projected budget gap of approximately \$2.7 million.

While the impacts of the economic downturn have been the greatest to the General Fund, other important operations accounted for in Special Revenue and Enterprise Funds have also been impacted by the economic downturn.

The Fiscal Year 2012 recommended budget includes a number of measures to address the projected \$2.7 million General Fund budget shortfall caused primarily by increasing pension costs and one-time measures that were used to balance the budget in the current year. The largest balancing measure is the assumed continuation of wage and benefit concessions of approximately \$1.8 million.

City staff has scheduled special budget work sessions over the next two months during which the details of the Recommended Plan will be presented and discussed as part of the budget public hearing process. Over the course of the public hearings, each City department will present their respective recommended budget, including their operating budget and capital program, if applicable, as well as proposed performance measures and objectives for their programs.

The first of these special budget work sessions will be held on Thursday, April 21, from 1:30 p.m. to 4:30 p.m. in Council Chambers. The budget work sessions are scheduled at different times of the day and evening to encourage public participation. The proposed schedule for the special budget work sessions, at which the public hearings on the budget would be held, is included as an attachment to this report for Council's approval.

In addition to the public review by Council, staff recommends that the Finance Committee review certain elements of the Recommended Plan in more detail. The proposed Finance Committee Review Schedule will be presented to the Finance Committee for approval on April 19, 2011, just prior to the City Council meeting.

A copy of the Recommended Plan will be available for review in the City Clerk's Office and the Public Library's main and eastside branches. It will also be available on the City's website at www.SantaBarbaraCa.gov.

ATTACHMENT: Schedule of Council Budget Review Meetings and Public Hearings

SUBMITTED BY: Jill Taura, Treasury Manager

PREPARED BY: Robert Samario, Finance Director

APPROVED BY: City Administrator's Office

CITY OF SANTA BARBARA
Two-Year Financial Plan for Fiscal Years 2012 and 2013

**Schedule of Council Budget Review Meetings
and Public Hearings**

MEETING	DATE	BUDGET AGENDA ITEM(S)
SPECIAL WORKSESSION AND PUBLIC HEARING #1	Thurs., April 21, 2011 1:30 – 4:30 pm Council Chambers	<ul style="list-style-type: none"> ➤ Open Budget Public Hearing ➤ <u>Department Budget Presentations for:</u> <ul style="list-style-type: none"> - Finance - Non-Departmental - Administrative Services - City Attorney - City Administrator's Office - Mayor & Council
SPECIAL WORKSESSION AND PUBLIC HEARING #2	Mon., May 2, 2011 1:30 – 4:30 pm Council Chambers	<ul style="list-style-type: none"> ➤ <u>Department Budget Presentations for:</u> <ul style="list-style-type: none"> - Community Development/ Redevelopment Agency - Library
SPECIAL WORKSESSION AND PUBLIC HEARING #3	Thurs., May 5, 2011 9:00 am – 12:00 pm Council Chambers	<ul style="list-style-type: none"> ➤ <u>Department Budget Presentation for:</u> <ul style="list-style-type: none"> - Public Works
SPECIAL WORKSESSION AND PUBLIC HEARING #4	Mon., May 9, 2011 6:00 – 9:00 pm Council Chambers	<ul style="list-style-type: none"> ➤ <u>Department Budget Presentation for:</u> Parks & Recreation (including Creeks and Golf Funds)
SPECIAL WORKSESSION AND PUBLIC HEARING #5	Thurs., May 12, 2011 9:00 am – 12:00 pm Council Chambers	<ul style="list-style-type: none"> ➤ <u>Department Budget Presentations for:</u> <ul style="list-style-type: none"> - Airport - Waterfront - Solid Waste Fund (Finance)
SPECIAL WORKSESSION AND PUBLIC HEARING #6	Mon., May 16, 2011 6:00 – 8:00 pm Council Chambers	<ul style="list-style-type: none"> ➤ <u>Department Budget Presentation for:</u> <ul style="list-style-type: none"> - Police

SPECIAL BUDGET WORKSESSION AND PUBLIC HEARING #7	Mon., May 23, 2011 6:00 – 8:00 pm Council Chambers	➤ <u>Department Budget Presentation for:</u> - Fire
SPECIAL BUDGET WORKSESSION AND PUBLIC HEARING #8	Thurs., May 26, 2011 1:30 – 4:30 pm Council Chambers	➤ <u>Department Budget Presentations</u> (If needed)
SPECIAL BUDGET WORKSESSION AND PUBLIC HEARING #9	Thurs., June 2, 2011 9:00 am – 12:00 pm Council Chambers	➤ Finance Committee Budget Recommendations to Council ➤ Council Budget Deliberations
SPECIAL BUDGET WORKSESSION AND PUBLIC HEARING #10	Mon., June 6, 2011 2:00 – 5:00 pm Council Chambers	➤ Continue Council Budget Deliberations (if needed)
SPECIAL BUDGET WORKSESSION AND PUBLIC HEARING #11	Thurs., June 9, 2011 9:00 am – 12:00 pm Council Chambers	➤ Final Council Budget Deliberations ➤ Close Budget Public Hearing ➤ Final Council Budget Direction to Staff
REGULAR CITY COUNCIL MEETING	Tues., June 14, 2011 2:00 pm Council Chambers	➤ Prop. 218 Hearing on Proposed Increases to Water, Wastewater and Solid Waste Rates
REGULAR CITY COUNCIL MEETING	Tues., June 21, 2011 2:00 pm Council Chambers	➤ Budget Adoption